CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

SECRET

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1. The Hungarian pension laws were revised in 1950 when the Government re-established the State Pension Institute (Orszagos Nyugdijintezet), which had functioned under the prewar regime and was abolished in 1945. The Government, however, had continued paying pensions to most employees who had retired under the old regime, with the exception of those declared war criminals.

2. From 1945 to 1950 the new Government did not recognize the pension rights of persons who acquired some of these rights under the old regime and who were subsequently employed by the new regime. These people protested that they could not live on their new salaries and demanded restitution of their pensions for services rendered before the war. In 1950 the Government decided to pay a certain percentage of the pensions earned by employees under the old regime. At the same time pensions were paid also to many former Government employees whose pension had been completely cut off in 1945 because of war criminal or other charges against them. The basic pension scale was set at 40% of the salary for the first 10 years of service, plus a two percent increment for every year after 10 years, with a maximum of 90% of the last salary for the oldest employees. In January 1952 deductions for pension were increased from three percent to five percent of the salary.

3. In order to qualify for pension a person had to have reached the age of 65 or be totally disabled for work as certified by an official physician.

4. Disabled persons pensioned before they reached 65 years of age were entitled to a maximum pension of 33% of their last salary. No person under 45 years of age could receive any pension.

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5. Under the revised pension laws employees who had worked under the old regime were given an allowance for years of work. In order to qualify for this allowance every older applicant for a job in the new Government had to state in his job application blank where he had worked before 1945 and for how long. If and when the years of work in the old regime were recognized and approved, the employee was entitled to a two per cent supplement to his salary for every five years of old service. For instance, a person who had worked 20 years under the old regime was granted eight per cent of his salary additional pay. The supplement, however, could not exceed 10% of the new basic salary.

6. In computing the service periods, a fraction of five years counted as full five years. Thus if a person had worked eight years he was allowed two five year periods in computing his supplement.